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GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON, ACTING DIRECTOR

LINDA A. WATTERS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 5962 (as introduced)
TOPIC: Nonprofit Health Care Corporation Confidentiality of Information
SPONSOR: Rep. Joe Hune
CO-SPONSORS: Rep. Gaffney, Hildenbrand and Ward
COMMITTEE: Committee on Health Policy
DATE: May 15, 2006

POSITION

The Office of Financial and Insurance Services supports this legislation.

PROBLEM/BACKGROUND

1980 PA 350, the Nonprofit Health Care Corporation Reform Act has limitations on the ability of a nonprofit health care corporation to share a patient's personal health information with anyone other than the patient's health care provider. Technology has enabled this information to be shared on a much broader scale. If the data could be shared with other providers and group health plans, patients could benefit through health care efficiencies that could provide better care.

DESCRIPTION OF BILL

The proposed legislation adds the language to MCL 550.406, "and for health care operations, treatment, and research" to the reasons for which a nonprofit health care corporation can release personal data to other entities. The legislation is intended to bring the nonprofit health care corporation statute in compliance with the federal Health Insurance Portability and Accountability Act (HIPAA).

SUMMARY OF ARGUMENTS

Pro

HB 5962 increases BCBSM's compliance with HIPAA standards of privacy of personal health information. The ability to transfer this information as they see fit, would allow them to have higher quality of care outcomes and reduced benefit costs.

The legislation would also allow them to participate in recent health information technology (IT) advances such as e-prescribing and continuum of care initiatives.

Con

The language "for health care operations" is not defined anywhere in this statute. Without the definition, the nonprofit health care corporation could release identifiable personal data to anyone with which they conduct business in the course of pursuing their health care operations. These entities would include advertisers, suppliers, presumably a member's employer, etc. Although the HIPAA standards support the proposed language, Michigan has traditionally held those with access to an individual's personal information to a higher standard than that found on the federal level. This language significantly lowers Michigan's already rigorous standards for privacy of individual health care information. Perhaps a compromise can be found to support current IT innovations for patient care without allowing the dissemination of private health information to entities whose only motive is to profit from that information. If this language is to be adopted a clearer definition of health care operations should be included.

FISCAL/ECONOMIC IMPACT

OFIS has identified the following revenue or budgetary implications in the bill as follows:

(a) To the Office of Financial and Insurance Services: None known.

Budgetary:
Revenue:
Comments:

(b) To the Department of Labor and Economic Growth: None known.

Budgetary:
Revenue:
Comments:

(c) To the State of Michigan: None known.

Budgetary:
Revenue:
Comments:

(d) To Local Governments within this State: None known.

Comments:

OTHER STATE DEPARTMENTS

ANY OTHER PERTINENT INFORMATION

ADMINISTRATIVE RULES IMPACT

OFIS has general rulemaking authority under the Insurance Code of 1956, 1956 PA 218, MCL 500.100 et seq.



Linda A. Watters
Commissioner

5/15/2000
Date